

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

-----X IP HOLDINGS, LLC,

Plaintiff(s),

- against-

**ANSWER TO AMENDED  
COMPLAINT WITH  
AFFIRMATIVE DEFENSES**

SIERRA FASHION GROUP, INC.,

Defendant(s),

-----X

Defendant Sierra Fashion Group, Inc., (hereinafter "Sierra Fashion") by its attorneys, The Chatrath Law Firm, P.C., respectfully responds to the plaintiff's complaint as follows:

1. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph "1" of the complaint.
2. Admit the allegations contained in paragraph "2" of the complaint.
3. Denies each and every allegation contained in paragraphs "3" and "4" of the complaint, and respectfully refer all questions of law to the Court.
4. Denies knowledge or information sufficient to form a belief as to the truth of each and every allegation contained in paragraphs "5," "6" and "7" of the complaint, and respectfully refer all questions of law to the Court.

**ANSWERING COUNT I**

5. Denies each and every allegation contained in paragraphs "8", "10", "11", "12", "13", "14", and "15" of the complaint, and respectfully refers all questions of law to the Court.
6. Denies each and every allegation contained in paragraphs "9", "16", "17", and "18" of the complaint.

**ANSWERING COUNT II**

7. In response to paragraph "19" of the complaint, this answering defendant repeats, reiterates, and re-alleges its responses to paragraphs "1" through "18" with the same force and effect as if same were set forth in full at this point.

8. Denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph "20" of the complaint.

9. Denies each and every allegation contained in paragraph "21", of the complaint and refers all questions of law to the Court.

10. Cannot admit or deny the allegations of paragraph "22" of the complaint.

11. Denies each and every allegation contained in paragraph "23", of the complaint.

**ANSWERING COUNT III**

12. In response to paragraph "24" of the complaint, this answering defendant repeats, reiterates, and re-alleges its responses to paragraphs "1" through "23" with the same force and effect as if same were set forth in full at this point.

13. Denies each and every allegation contained in paragraph "25", of the complaint and refers all questions of law to the Court.

14. Denies each and every allegation contained in paragraphs "26", "27" and "28" of the complaint.

**AS AND FOR A FIRST, SEPARATE  
AND COMPLETE AFFIRMATIVE DEFENSE**

The complaint fails to state a cause of action upon which relief can be granted as against the defendant.

**AS AND FOR A SECOND, SEPARATE  
AND COMPLETE AFFIRMATIVE DEFENSE**

The plaintiff's action is barred by the Parole Evidence Rule.

**AS AND FOR A THIRD, SEPARATE  
AND COMPLETE AFFIRMATIVE DEFENSE**

The plaintiff's action is barred due to plaintiff's breach of its fiduciary duties to defendant.

**AS AND FOR A FOURTH, SEPARATE  
AND COMPLETE AFFIRMATIVE DEFENSE**

Plaintiff lacks standing to assert the claims set forth in the complaint.

**AS AND FOR A FIFTH, SEPARATE  
AND COMPLETE AFFIRMATIVE DEFENSE**

The plaintiff has failed to mitigate its damages.

**AS AND FOR A SIXTH, SEPARATE  
AND COMPLETE AFFIRMATIVE DEFENSE**

The plaintiff's action is barred by the doctrine of anticipatory repudiation.

**AS AND FOR A SEVENTH, SEPARATE  
AND COMPLETE AFFIRMATIVE DEFENSE**

The agreements, if any, relied upon by the plaintiff were specifically breached by the plaintiff.

**AS AND FOR AN EIGHTH, SEPARATE  
AND COMPLETE AFFIRMATIVE DEFENSE**

Any failure by defendant to perform obligations under the agreement (which, in any event, is denied) is excused by plaintiff's failure to perform its own obligations to the defendant, which obligations were conditions precedent to performance by defendant.

**AS AND FOR A NINTH, SEPARATE  
AND COMPLETE AFFIRMATIVE DEFENSE**

Any losses suffered by Plaintiff were not caused, either directly or indirectly, by the acts or omissions of defendant.

The answering defendant reserves the right to assert any and all additional defenses and/or counterclaims which may become available or apparent during discovery or trial.

**WHEREFORE**, the answering defendant demands judgment dismissing the complaint, together with the costs and disbursements of this action.

DATED:       New York, New York  
                 July 20, 2007

Yours, etc.,  
THE CHATRATH LAW FIRM, P.C.  
Attorneys for Sierra Fashion Group, Inc.

By: /S/  
                 Sanddeep Chatrath  
                 494 Eighth Avenue, Suite 505  
                 New York, New York 10001  
                 Telephone: (212) 268-2920  
                 Our File No.: L-1562

TO:       EDWARDS ANGELL PALMER & DODGE, LLP  
             Attorneys for Plaintiff  
             750 Lexington Avenue  
             New York, New York 10022  
             Telephone: (212) 308-4411

**CERTIFICATION**

I hereby certify that on July 20, 2007, I caused a copy of the within Answer to Amended Complaint with Affirmative Defenses to be served upon:

EDWARDS ANGELL PALMER & DODGE, LLP  
Attorneys for Plaintiff  
750 Lexington Avenue  
New York, New York 10022

By depositing a true copy of same securely enclosed in a post-paid wrapper, in an official depository under the exclusive care and custody of the United States Post Office Department within the State of New York.

Dated: New York, New York  
July 20, 2007

/S/  
Sanddeep Chatrath (CH0843)